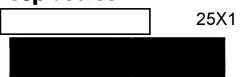
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Indonesia: The tempo of political activity is beginning to step up after a two-month hiatus following Sukarno's ouster.

Acting President Suharto on 11 May issued a press statement which in effect gives the green light to formation of new political parties, so long as they merely represent realignment of existing groups and their policies are in accord with those of the "new order."

Suharto's statement seems clearly in response to recent trial balloons. Modernist Moslem elements are anxious to find an acceptable new framework for the long-proscribed Masjumi party and its powerful affiliates. In addition, Foreign Minister Malik wants to form a new secular party which would give him a much-needed political base and might draw support away from the Indonesian Nationalist Party (PNI), which still commands a substantial following in Java.

Obstructionism by the PNI and the traditionalist and politically opportunist Moslem Scholars Party (NU) last month prevented parliament from passing a new electoral law. In his statement of 11 May, Suharto could conveniently point to this fact in hinting that elections for a new congress, scheduled for 1968, might have to be postponed.

Few observers believe the elections will be held on schedule. The army regime needs more time to grapple with Indonesia's staggering economic problems. It also needs a more leisurely timetable in which to influence a realignment of civitian political elements which, while not challenging the army's essential control, would give the government a more credible facade and provide a greater role to student and other civilian groups in the vanguard of the successful drive against Sukarno.

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Hong Kong - Communist China: An uneasy calm returned to the colony yesterday following three days of riots stemming from Communist-exploited labor disputes.

The riots, which have resulted in at least one fatality, have spurred a modest flight of capital.

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works employees union has responded to a call by the Communist-run Federation of Trade Unions to stage a strike and shut off water in Hong Kong and Kowloon for two days to protest "British cruelty" in the handling of the disturbances. Although the timing of the strike has not yet been decided, rumors in the colony concerning its implementation have stimulated the hoarding of water, resulting in a severe drop in water pressure in many areas.

Although the Communist apparatus in Hong Kong is reportedly making contingency plans for a general strike, it is as yet unclear whether they will be implemented. There is some danger, however, that local party zealots might seek to inflame the situation to resemble the disorders in Macao last December in the hope that Peking would become more closely involved.

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NOTE

Venezuela-Cuba: Venezuela's intention to obtain OAS and perhaps UN condemnation of Cuban intervention has been enhanced by further confessions of the two Cuban infiltrators captured on 8 May. After a speech on 12 May by President Leoni bitterly denouncing Cuban actions, the two Cubans and some captured equipment were televised. However, the government will apparently await the completion of further investigations before publicizing full information of the landing. Government determination to exploit the landing will aggravate the disarray of the Venezuelan left.

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